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Dislike and unsubscribe: Advisors on combating misleading social media advice
By Rob Burgess
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This may or may not come as a shock, but there are people on the internet who claim to be experts yet have no idea what they are talking about.

A recent report from crypto trading and analysis firm Social Capital Markets found that 71% of social media financial advice is misleading.

The research analyzed 2,470 TikTok, YouTube and Instagram videos, focusing on popular finance-related accounts and searching hashtags like #StockTok, #Investing and #Stocktips. The study also analyzed 1,620 crypto-related videos across memecoins, AI coins, Web3 gaming tokens and NFTs.

The analysis found that 83% of the videos lacked disclaimers; 70% of videos encouraged stock-specific investments without sufficient context or addressing risks; 57% of stock content implied guaranteed returns, and 45% of the videos encouraged viewers to invest a specific proportion of income.

For many financial advisors, the results were unsurprising. Those who work with younger clients say social media algorithms constantly serve viewers dubious advice from so-called finfluencers ("financial influencers").

'It's like the Wild West out there'
Said Israilov, a financial planner and wealth manager at Israilov Financial in San Francisco, said about two months ago, one of his clients in his late 30s asked him to look into a dividend investing strategy and potentially rearrange his portfolio.

"His cousin, who is in his early 20s, convinced my client that dividend investing is the surest way to build wealth and create easy passive income," he said. "His cousin often relies on TikTok investing gurus, and this advice most likely came from one of the social media influencers."

Indeed, among the social platforms analyzed by Social Capital Markets, TikTok emerged as the most problematic, with 91% of videos lacking disclaimers and 70% encouraging stock purchases.

Israilov said a dividend investing strategy might work for some but not for all investors, particularly his client.

"My client is at the peak of his career and in a relatively high tax bracket," he said. "As you can imagine, he would be paying a hefty income tax on dividends. He would also be forgoing investing in growth companies that rarely pay dividends."

It took multiple phone calls with Israilov's client to carefully explain all the pros and cons of this investing strategy and "a lot of convincing that social media influencers are not often known for having deep expertise in investing and financial planning."

"It's like the Wild West out there, and the only people getting hurt are the ones falling for this type of advice," said Ryan J. Marshall, partner at Ela Financial Group in Wyckoff, New Jersey.

Marshall said the theme he has heard the most from social media finfluencers is that indexed universal life insurance policies are the solution for life insurance, investing and retirement all wrapped up into one financial product.

"These influencers promote 'becoming your own bank,' when the only people making money are the ones selling these products to everyone," he said. "There is no one-size-fits-all, especially when it comes to these products, and there is a pro and con to every financial product and these should be disclosed properly. I have yet to come across an 'influencer' who is also a 'fiduciary.'"

Only 13% of influencers had relevant qualifications or credentials to speak on financial matters, according to the report.

One of the biggest misconceptions Uziel Gomez, the founder of Primeros Financial in Los Angeles, said he sees is the belief that passive investing, or simply purchasing a home, is a surefire way to grow wealth. Another pervasive myth he's seen is that you can't build wealth working a traditional 9-to-5 job — that you need to start a business to truly succeed.

"What I emphasize to my clients is that there's no shortcut to building real wealth," he said. "While some of these strategies might work for certain people, they don't work for everyone. We all have different circumstances and different goals, so it's important not to fall into the trap of thinking there's a one-size-fits-all formula. Building wealth requires the discipline to control your expenses, save diligently and invest wisely for the long term."

Gen Z and millennials are particularly susceptible to these finfluencers

Gomez said many of his clients are Gen Z, and a common challenge they face is the flood of misleading information on social media.

"It's easy to get swept up by flashy headlines promising quick riches or promoting a 'this is what the wealthy are doing' mentality," he said.

The rise of social media has increased financial awareness and started important conversations — but it also introduces the risk of oversimplified, one-sided advice, said Melissa Murphy Pavone, founder of Mindful Financial Partners in Westhampton Beach, New York. This can lead young people to take actions without fully understanding the context or risks.

"In my experience, clients — especially Gen Z and millennials — are coming in with misconceptions from social media," she said. "Many believe in guaranteed returns or that they must invest a specific percentage of their income without accounting for their unique financial goals, risk tolerance or broader financial picture. These assumptions often need realignment, particularly as influencers rarely emphasize the risks or complexities inherent in investing."

But it's not all negative when it comes to social media; Pavone said she sees value in it as a tool for sparking interest in financial wellness. Financial influencers who prioritize transparency and balanced information can encourage young people to have essential conversations about money.

"But it's crucial for people to understand that advice on social media is general, and truly effective financial planning requires a comprehensive, individualized approach — best achieved by working with a qualified professional," she said.

Advisors can provide a steady hand for confused clients

Yohance Harrison, CEO of Money Script Wealth Management in Cedar Hill, Texas, said he works every day to have a voice as loud, or louder, than those "with no credentials and no financial education who are just telling people that they have the 'proven' solution for my clients' and prospects' problems."

"It drives me nuts," he said.

Pavone said she focuses on holistic financial planning, helping clients see the full picture and how various decisions impact their long-term goals.

"I emphasize the importance of real financial education that's personalized and grounded in sound principles," she said. "Working with a certified planner can bridge the gap between social media's bite-sized advice and a thoughtful, strategic financial plan."

Harrison said he starts with a methodical approach that helps clients understand that his advice will be personal and specific to their situation, "not whatever situation the person making a TikTok might think you are in."

"I like to ask for receipts," he said. "They hear something on social media. I ask them to provide evidence that what the person is saying is true."

Gomez said he prioritizes having values-driven conversations with his clients.

"Together, we craft a vision and mission statement to serve as a compass," he

said. "This way, when new goals pop up, we can assess whether they genuinely align with their values or are simply reactions to external influences. It's about making sure that every step forward is intentional and rooted in what truly matters to them, not just what sounds good in a social media post."

Harrison said he encourages people to do their research and helps them to spot reputable sources.

"I encourage them always to remember: If it sounds too good to be true, then it probably is," he said.